

Today the company has 135 employees nationwide, mostly in Dallas and Richardson, with plans to hire another 100 in the next eight months. At least half of those new hires will come in the Metroplex.

Company officials decline to release revenue figures, but say the firm's 1998 sales were "less than \$20 million."

Allied is currently in 43 major office buildings in 16 markets, including its headquarters at 1700 Pacific Ave.

Of the 16 markets, the company is fully operational in 11, and is completing installations in the remaining five.

Allied will be operational in all 25 of its target markets by around the middle of next year, the company says.

About 2,700 buildings in the 25 markets qualify as potential Allied targets. But those facilities have a total of about 1.2 billion square feet of space, meaning large numbers of potential customers.

Blair Whitaker, a partner in Norwest Venture Partners, said that, as the technology improves and becomes less costly, Allied will eventually go into other markets and smaller facilities.

Currently, Allied is offering services on a non-exclusive basis at certain facilities run by Equity Office Properties.

A January ruling from the Internal Revenue Service will probably boost Equity Office's interest in delivering telecom services.

To maintain their special tax status, REITS must derive at least 75% of their income via rent from real property. The IRS, in a ruling that currently applies only to Equity Office, said money from telecommunications services are considered rental income.

Tony Davis, director of Warburg Dillon Read L.L.C. in New York City, said Equity Office will probably aim to roll out more telecom services in its facilities over the next 18 to 24 months.

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LI Tech Center Signs Up Tenants

Business

By Alan J. Wax

STAFF WRITER

The Long Island Technology Center, the corporate park being developed in Great River as a mecca for high-tech companies, has signed its first eight tenants.

And if 15 more leases are signed by prospective tenants, the wired office complex will be close to filling a third of the space in what officials call Phase One of the \$31-million project.

The center, being developed by two Manhattan-based real estate developers — Rudin Management Co. and Cogswell Realty Group — is slated to open officially at the former Northrop Grumman Corp. electronics plant June 8.

Cogswell bought the 82-acre site last June for \$10 million and in September partnered with Rudin, which developed 55 Broad St., a similar facility in lower Manhattan. The developers are spending \$21 million to renovate the 354,000-square-foot building on Sunrise Highway into a facility with day care, a conference center, restaurant and health club, with high-speed wireless and wired

Office complex to open at ex-Grumman site

telecommunications capabilities.

Rudin and Cogswell this week said the eight leases had been signed for a total of 20,026 square feet. Phase One consists of 150,000 square feet of prebuilt, totally wired office space for 45 companies ranging from 250 to 17,000 square feet.

Among the prospective tenants is Reuters America Inc. The Mahattan-based financial media services company is considering a number of expansion locations, including the Great River site, said Reuters spokesman Adam Wolf.

The Great River project had been derided by competitors who expressed concern about the tech center's ability to attract up to 70 tenants.

John Gilbert, executive vice president of Rudin, said that the developers are signing leases at the publicly announced rent of \$19 a square foot and that the pace of leasing is "exceeding our expectations."

"The signing of these charter tenants prior to our

official grand opening shows that the demand for totally wired space in a Long Island technology community is strong and growing," said Arthur Stern, chief executive of Cogswell.

Among the first tenants are:

- LISTnet, a not-for-profit software industry group, which has leased 1,288 square feet.
- Imperial Software, a now Holbrook-based educational software maker that specializes in distance learning. It has leased 5,866 square feet.
- Keytrade Inc., an online securities trading company, leased 5,579 square feet.
- Storage Networks, a electronic data storage services company based in Waltham, Mass., leased 3,516 square feet.
- Digital Arts Services, a multimedia developer, that took 792 square feet.
- Video Net Services, a video encoding and storage company, leased 2,289 square feet.

From "Newsday", May 28, 1999

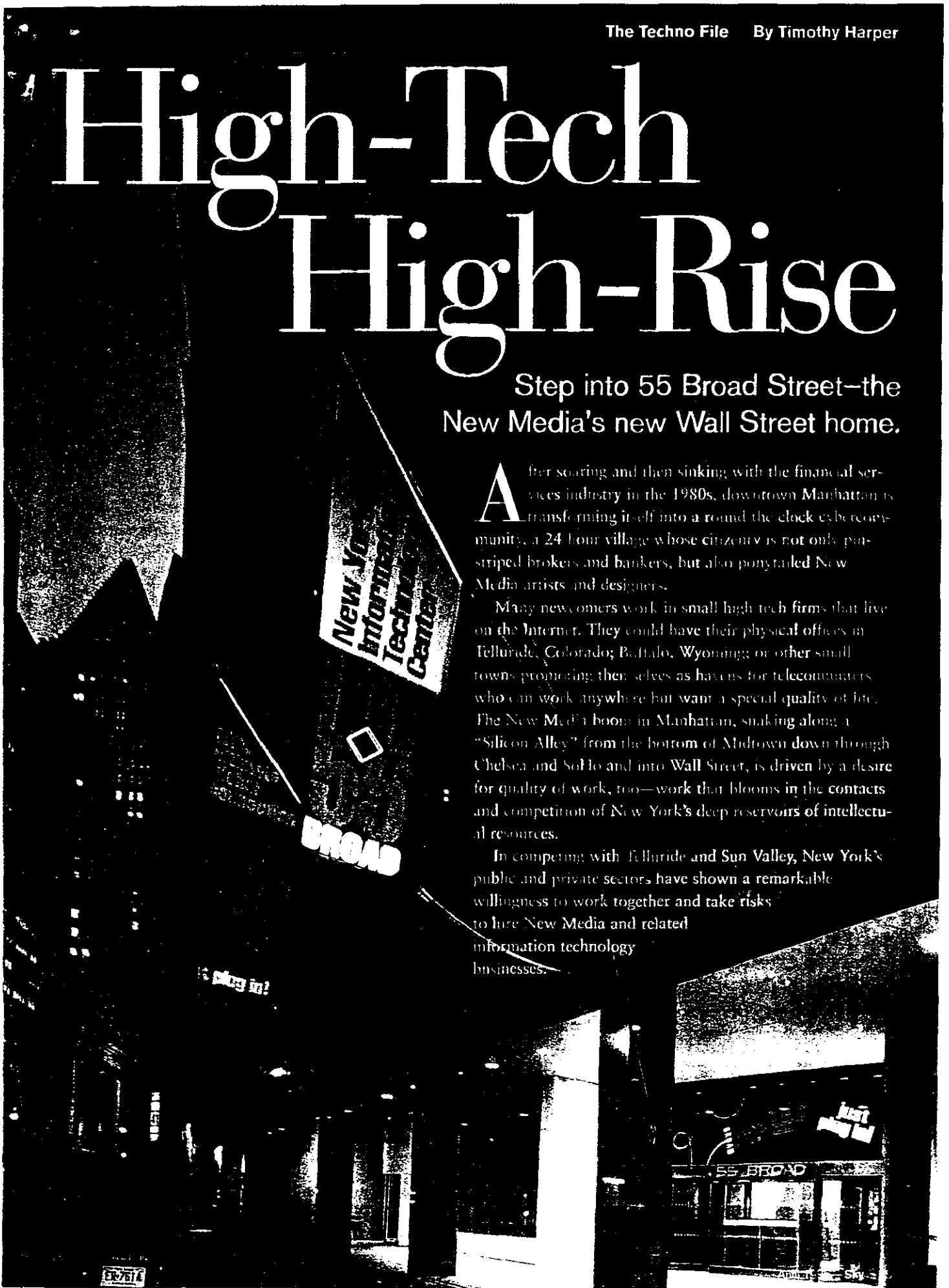
High-Tech High-Rise

Step into 55 Broad Street—the New Media's new Wall Street home.

After soaring and then sinking with the financial services industry in the 1980s, downtown Manhattan is transforming itself into a round the clock cybercommunity, a 24 hour village whose citizenry is not only pinstriped brokers and bankers, but also ponytailed New Media artists and designers.

Many newcomers work in small high tech firms that live on the Internet. They could have their physical offices in Telluride, Colorado; Buffalo, Wyoming; or other small towns promoting themselves as havens for telecommuters who can work anywhere but want a special quality of life. The New Media boom in Manhattan, snaking along a "Silicon Alley" from the bottom of Midtown down through Chelsea and SoHo and into Wall Street, is driven by a desire for quality of work, too—work that blooms in the contacts and competition of New York's deep reservoirs of intellectual resources.

In competing with Telluride and Sun Valley, New York's public and private sectors have shown a remarkable willingness to work together and take risks to lure New Media and related information technology businesses.



For one thing, New York doesn't want to miss out on New Media the way it missed out on computer manufacturing and software design. For another, downtown New York desperately needs a rebirth, and one of the fastest-growing sectors of the American economy is based on information and entertainment produced for and distributed by computers over new digital and broad bandwidth telecommunication wires. Besides, it's a field that pays good salaries and is environmentally clean. Small wonder that virtually every city and town in America, from Walla Walla to Wall Street, would like that kind of economic growth.

One of the focal points of today's revival is a 30-story building at 55 Broad Street, just off Wall Street, down the block and across from the side entrance to the New York Stock Exchange. The 400,000-square-foot space was shuttered for four years after its former tenant, the investment house Drexel Burnham Lambert, went belly up in 1991 following the disgrace and conviction of its junk-bond mastermind, Michael Milken. The home of the company that celebrated its ruthless reputation with an annual Predators' Ball—and therefore one of the premier addresses of the Roaring '80s—is now being refilled with CD-ROM jazz publishers, computer consultants, software developers, Internet bulletin board providers, World Wide Web home-page designers and virtual-reality artists.

They have been moving in since last December, drawn by rents of \$15 to \$20 per square foot, about half what they would pay in Midtown, and a state-of-the-art refit that includes the broad bandwidth and networked wiring they need. Instead of looking for space with an eye to rewiring it themselves, the high-tech companies at 55 Broad Street can

move in and plug in.

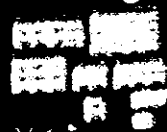
"In real estate, the axiom used to be location, location, location. Now it's location, bandwidth, location," says John Gilbert, the chief operating officer for Rudin Management Company, which owns 55 Broad Street and has rechristened it the New York Information Technology Center.

To attract and keep New Media and other Internet-related businesses, New York has put together a European-style package of public and private incentives. City and state officials have approved a sliding scale of various tax breaks for high-tech companies moving into Manhattan, and a number of private companies are kicking in financial grants and techni-

savings will be well into the tens of thousands of dollars," says J.J. Rosen, president of N2K (for "Need To Know"), a company producing jazz CD-ROMs and running a new website, Jazz Central Station (<http://jazzcentralstation.com>), out of the IT Center.

The building's fiber-optic infrastructure, allowing his company to "plug 'n' play" at high speeds on the Internet, provides even more savings, Rosen says. His designers routinely tap into the building's wiring to run their modems at 1.5 million bits per second (compared with the usual business or home modem speed of 14,400 or 28,800 bits per second). When it's really needed for big projects, Rosen says, his company can

Unlike the bankers and brokers who still stream away in trains and cars after the Stock Exchange closes, the new tenants of the IT Center are creative types whose days don't end when the final trading bell rings.



The Information Superhighway begins and ends at 55 Broad Street

cal support, including NYNEX (telecommunications), Con Edison (power), KPMG Peat Marwick (management consulting) and IBM (computers).

"The city has reduced our renters' tax, and Con Edison has reduced our electricity bill by 50 percent. Our

connect through the IT Center at 10M bits per second. He says that using the building's wiring, instead of moving into a place and installing his own, means he is saving at least \$700 a month on wiring alone.

High-tech firms moving into the Big Apple are also encouraged to

apply for working capital from the New York City Discovery Fund, an innovative private-public investment vehicle that is likely to become a model for other cities and states. The fund was launched with \$30 million in seed money from the New York City Economic Development Corporation, Brooklyn Union Gas, the New York Power Authority and Con Ed. Private

investors kicked in an additional \$60 million. The fund will invest that \$90 million over the next five years in high-tech companies moving to or expanding in New York City.

"While providing job growth for the city, our goal is also to provide a market venture-capital return for investors," says Ronald Celmer, a partner in Prospect Street Investment Management, the company overseeing the Discovery Fund. Investments totaling \$9 million have been made so far in three companies: an on-line bond-trading company, a network installation firm and a company creating a virtual-reality ride at the Empire State Building.

At a time when New York is cutting spending on schools and other public services, officials have few qualms about tax breaks and grants for advanced technology. "The multimedia and other high-tech industries are among the hottest growth fields in the city," notes John Dyson, the

High Wired

For those who want to know more about how the New York Information Technology Center will be wired, perhaps the key aspect of the infrastructure is a high-speed copper/fiber ethernet vertical backbone with redundant points of entry. Up to 100 megabits of bandwidth, available on single and multi-mode fiber optics, are delivered to each tenant. Also:

- Voice grade services on NEC Article 800, Type CMR, 24 AWG, twisted pair copper cable, terminated on a column mounted on RJ21 block.

- High-speed copper in the form of one T1.5 service delivered to each tenant space on individually shielded transmit and receive, 22 AWG cables for high reliability, terminated on wire-wrap blocks.

- High-speed Internet access—Hypergrade, Category 5, 24 AWG, twisted pair, Type CMR/MPR, extended distance/extended frequency 100 Mbps, terminated in the tenant space on an RJ 45/EIA/TIA 568A Jack.

- Optional cable including single-mode, ring-configured fiber, or multi-mode for intra-building, intrafloor LAN connections, Internet access or interLAN connections.

—T.H.

deputy mayor in charge of economic development. "Naturally, the city wants to do everything it can to nurture these new fields. . . . We're sure that New York is on the verge of becoming a major multimedia metropolis." In other words, information technology means good jobs, and good jobs mean votes.

In contrast

to the old Wall Street leases, which were drawn up for big firms letting hundreds of thousands of square feet, the IT Center is being carved up to accommodate leases for as little as 5,000 square feet—and in a few cases less than 1,000—for the new high-tech tenants, with flexibility to allow them to expand when taking on bigger projects.

"These high-tech tenants want four things," says William Rudin, president of Rudin Management. "They want space, telecommunications, a community and 24-hour air conditioning. They're getting all those things here." The Rudins, one of the last great New York family real estate dynasties, will end up spending close to \$40 million on the IT Center. Even if all 400,000 square feet are rented by next summer, as expected, it could take five years to recoup the investment.

Rudin admits that opening the IT Center is a risk but says his company,

along with the rest of the downtown New York real estate industry, had little choice. "Downtown has been struggling, looking for what's next," Rudin says. "With financial services moving out, we need another industry. New Media is exploding, and New York is the epicenter. So we're feeding off that."

The IT Center will include a "cybercafé" where patrons can eat or drink while surfing the 'Net from computer terminals at their tables, and a public open space in the lobby where a computer graphic artist will work in residence in a glass-walled studio. Besides shops devoted to computers, multi-media and telecommunications, the lobby will feature a nine-by-12-foot digital screen to display New Media award winners and the works of the building's tenants. Bill Rudin thinks it will be a great place for interactive, tele-conferenced news events for politicians and financial companies with announcements to make.

Unlike the bankers and brokers who still stream away in trains and cars after the Stock Exchange closes, the new tenants of the IT Center are creative types whose days don't end when the final trading bell rings. With city incentives, developers are renovating office buildings as apartment complexes, and uptown entrepreneurs are establishing downtown branches of their bars, restaurants and shops to serve a new, growing residential community. Wall Street is beginning to seem more like a real neighborhood than it probably has since the 19th century.

The high-tech tenants of the big buildings are moving here because

this is where their customers are and where they can find the right people to work with them. They might like setting up shop in a small town where they can cross-country ski to the office. But direct contact with people—"face2face," in New Media-speak—is critical to an industry that is based on ideas and that is moving so quickly. At the IT Center, New York high school and college students specializing in New Media studies are clamoring for internships, and firms that need quick help can get it from their neighbors on Silicon Alley. Ideas are the currency of New Media, and New York is getting rich.

On a number of occasions, potential tenants touring the IT Center have run into each other and started talking. This is what I do. This is what you do. Hey, here's something we can do together.

They shake hands, and another New Media service or product is on its way to market.

"It's a creative community, and everyone thrives on that," says Adam Zelinka, director of the Jazz Central Station's website. "It's incredible, everyone moving in here is so excited to be moving toward the same goal of building new technology, being creative, being on the cutting edge."

"A lot of businesspeople are not ready for the 21st century," Rudin says. "We're going to try to use this building as a laboratory to help do that."

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CINDY ADAMS VS. GEORGE WAYNE PRINCE DIMITRI'S LOST JEWELS

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NEW YORK

WALL STREET'S OTHER BOOM

Attention, yuppies!
The financial
district is primed
to become
New York's
NEXT HOT

PLACE TO LIVE.

By Alex Williams

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TONY GOLDMAN, IN HIS AIRY LOFT OFFICE IN SOHO, IS ONLY HOURS BACK FROM MIAMI, BUT ANY lingering sunniness has faded. He's reverted to his customary New York-maniac mode. Asked to detail his plans for Wall Street on a small map, he instead starts wildly sketching the future. ■ "I was just on a plane," he says, "and these women behind me, real quintessential tourists, were talking about the things that they were *absolutely going to do in New York*. They were going to go see a Broadway show, then they were going to the World Trade Center"—he marks the spot with his pencil—"the Statue of Liberty"—he moves the pencil—"and the South Street Seaport." Goldman completes his cartographic triangulation of the one-square-mile tip of Manhattan. "The numbers are in the millions that come down here," he says. Then he scribbles a huge, violent circle inside the triangle: "But nobody comes in *here*." ■ That is starting to change. The long-depressed financial district is attracting the beginnings of a sooner-style land rush. Prior to 1992, some 1,800 apartments and lofts were converted in the district. This year alone, there

will be 1,000 housing starts there, most of them carved out of the dozens of hulking office buildings left empty after the 1987 crash and rendered useless by the ongoing tectonic shifts in the American economy. But the abandoned offices—there are some 35 ten-story-or-more buildings more than a third vacant—may soon be brimming with new life. Last year, estimates were for 3,000 units to be converted over the coming seven years. The current figure is 7,000.

In this heady new atmosphere, even totems of Wall Street commerce are not sacred. One developer says he's received "feelers" about converting

the 1913 Woolworth Building, the world's tallest skyscraper until 1929 and still the company's headquarters. The New York Stock Exchange itself may be looking for a new home, almost certainly downtown, which would leave the old one enticingly empty. And real-estate dreamers like to mention that, hey, the Port Authority is always willing to unload the World Trade Center.

Of course, it is the nature of any New York neighborhood to evolve, and therefore unsurprising when a SoHo or a Williamsburg continues to molt. But gentrification typically goes slowly, halt-

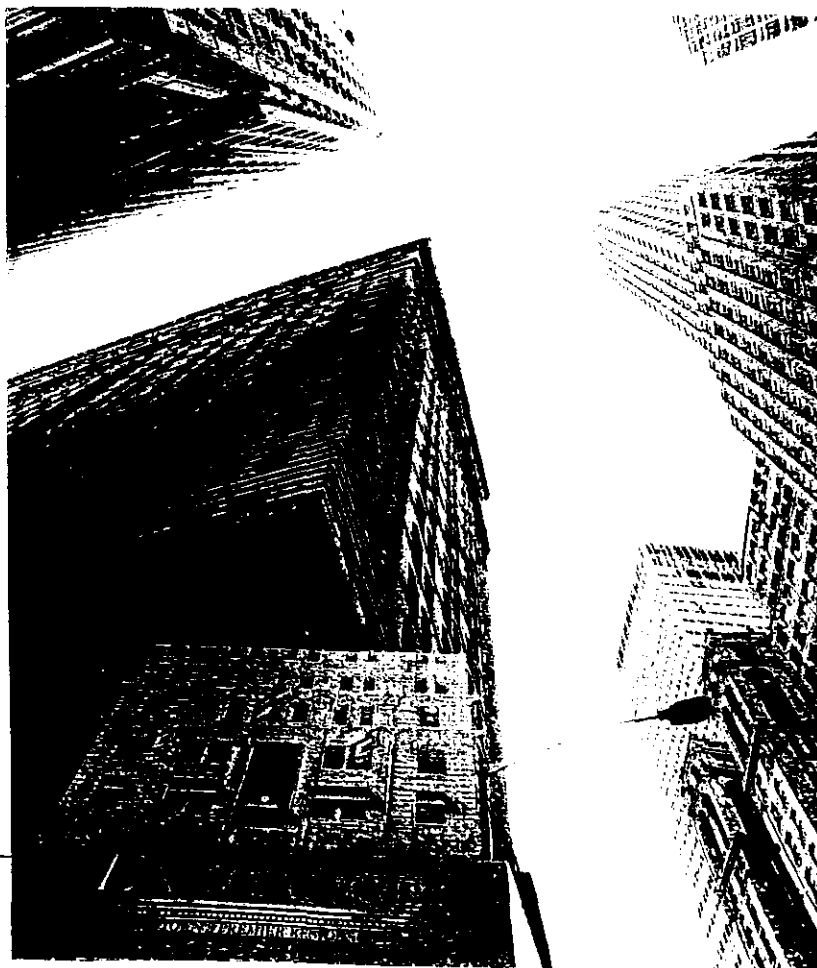
ingly, as it stumbles over poverty, zoning, and bumptious community boards.

The financial district, by contrast, is a slate wiped more or less clean. "You're not kicking out anyone, and there's no constituency of entrenched residents who, no matter what you want to do, even if it was good for them, don't want any change," says Tom Elghanayan of Rockrose Development, which has three buildings in the area.

The district is usually empty after dark, anyway. And since the stock-market crash, fewer people come during the day as well (375,000 now, down from 475,000 ten years ago). In the past decade, companies like Bear Stearns and Donaldson, Lufkin & Jenrette decamped uptown, and firms like First Chicago crossed the river to Jersey City. Drexel Burnham Lambert's spectacular collapse emptied 55 Broad. Even quintessentially "downtown" law firms, like the white-shoe Davis Polk & Wardwell and Cravath, Swaine & Moore, have moved to midtown. By 1994, there was a staggering 25 million square feet of empty office space in the neighborhood, enough to house all of, say, Hicksville.

A consensus had formed, meanwhile, that the lovely Gothic skyscrapers that symbolized the boom years of the twenties had grown too cramped for a self-respecting Information Age corporation. Carl Weisbrod, president of the Alliance for Downtown New York, the area's business-improvement district, says the area had been experiencing problems for decades: "For many years, downtown would not bounce up as much in city recoveries and would decline further in city declines."

Last year, the Giuliani administration crafted something called the Lower



SKYSCRAPING
TO BE COMPLETED NEXT SPRING, 25 BROAD STREET IS PUSHING 345 RENTAL UNITS AND INSTANT CACNET.

GOLDMAN'S TREASURE

DEVELOPER TONY GOLDMAN (LEFT) WITH SON AND PARTNER JOEY IN FRONT OF 70 BROAD STREET.

Manhattan Revitalization Plan, a package of tax incentives to promote residential conversions that was signed by Governor George Pataki last October. As one developer put it, "The Giuliani tax-abatement deal brought the numbers for conversions from marginal profitability to low-acceptable profitability."

That apparently was sufficient. By summer, scaffolding was sprouting at three buildings within blocks of the New York Stock Exchange. Developers you've heard of were making bold deals. Perennial candidate Abe Hirschfeld bought 25 Broad—former home to PaineWebber—for \$5 million with a partner (the partner bought him out a few months later). Donald Trump secured two buildings: 40 Wall Street—which lost out to the Chrysler Building in a race to be the world's tallest in 1929—and, later, 55 Wall (the old Merchants' Exchange).

Many developers you haven't heard of are beaver away as well. Of the 200-odd ten-story-plus buildings in the financial district, more than twenty are currently slated for conversion. Some are vintage, like 25 Broad, an Italian Renaissance-style, 21-story building from 1896, just down the street from the stock exchange. Some are dreary late-period International Style, like Rockrose's 127 John, a steel-and-glass monolith from 1971 that will house 558 rental units. "We'll take our lofts into the sky," Goldman says grandiosely. "In TriBeCa, in SoHo, you're dealing with buildings that are, in most cases,



into a 24-hour urban "village" that breaks down the geographic and psychic space between commerce, recreation, and daily life. The working model of Tomorrowland Wall Street is a hot-wired urban hive—dense, frenetic, whirring with synergies, a critical mass

ANY PSYCHOLOGIST WILL TELL YOU THAT A function of fantasy is to overcome fear. And today's New Yorker is simply terrified about tomorrow's real-estate market, not to mention today's. "The rental market in New York City is extremely tight," says Elghanayan of Rockrose Develop-

"IT WILL BE A TOTALLY WIRED URBAN VILLAGE," SAYS RUDIN.

"WE'RE REPOSITIONING LOWER MANHATTAN FOR THE 21ST CENTURY."

not higher than six-seven-eight stories at tops. You don't have the Fifth Avenue views with a loft space."

The rehab approach is worlds away from the kind of corporate-style urban renewal that led to the demolition of the great Beaux-Arts Singer Tower in 1970 to make way for U.S. Steel's oppressively nondescript One Liberty Plaza. The goal this time around is much more organic—preservation of character being a primary goal—but in its quiet way, it's even more far-reaching. Preservationists, good-government types, techies—and the free market—are working together to do nothing less than turn this skyscraper national park

of art, industry, and communications. Certainly, some serious retrofitting was afoot when developer Francis Greenburger leased out the august Delmonico's restaurant space to a brewpub (it opens next month).

"[The new] Wall Street is the totally wired urban village," says the normally phlegmatic William Rudin of Rudin Management Company, which owns five large buildings in the area. "It's what I call the adaptive reuse of facilities that you would have considered obsolete. It's repositioning lower Manhattan for the twenty-first century."

Or at least opening up some really cool one-bedrooms.

ment. "There's been virtually no production for the last five years—4,000 apartments one year, 3,000 the next. That's nothing. New York City loses far more apartments than that each year just to abandonment and demolition."

No wonder, then, that in an era of \$1,800-a-month one-bedrooms on Avenue A, people become feverish at the prospect of this Emerald City flush with (relatively) affordable housing. "There was 30 million square feet of vacant space downtown," says Elghanayan. "At least half of that can never be returned to the office market, it's just so obsolete. That's 15 million square feet that potentially can be converted. Take an

average of 1,000 square feet per apartment, which is a high average. That's 15,000 new apartments, 45,000 people. Anywhere else in the world, that would be a whole city."

Whether any of this will actually happen remains an open question. Actual people will first have to plunk down actual, you know, *money*. "There's a major buzz about Wall Street," says Pam Liebman, a managing partner at the Corcoran Group. "But I can't tell you how much of the hype is warranted, because it has yet to be tested. We have more inquiries from people looking to buy buildings and develop them than we do from people calling and saying, 'Hey, I'd love to live down in the hot new Wall Street area; when do you think I can get an apartment down there?'"

One unwitting test case is Molly Roberts, a 23-year-old paralegal at a downtown firm who recently went apartment-hunting in the area. Answering ads for spacious TriBeCa lofts—she was looking for a place to share with three friends—she was amazed at how many in fact were in greater Wall Street: "I saw a really, really cute loft-style two-bedroom on Maiden Lane. I really liked it. It had lofty ceilings, big windows across the entire living room—just a really nice feeling. And it was like \$1,600 a month. I would have taken it on the spot had it been in almost any other neighborhood."

The financial district, she says, "is really ugly. And scummy. And grimy. And there aren't any grocery stores or things like that. I think it's a hard place to live in. In ten years, it might be really nice."

Undeterred, developers now have about a dozen projects in large buildings in the planning or construction phases. By March, Rockrose will be offering a studio-heavy mix of 445 apartments (some as large as three bedrooms) at 45 Wall Street, the first residences on that street in 150 years. A

600-square-foot studio that rents for \$1,800 a month uptown would go for around \$1,300 here, Elghanayan says. At 127 John, Rockrose plans to start construction as soon as it secures financing. By spring, Crescent Heights will be offering the first of 345 apartments at "The Exchange," at 25 Broad. As opposed to new buildings on the Upper East Side, where 650-square-foot one-bedrooms go for up to \$2,500, 25 Broad will offer 800 square feet starting at \$1,600, the firm's president, Bruce Menin, says. At 33 Rector, Goldman plans fourteen loft condos of 2,700 square feet. Both should be on the market within twelve months. At the Delmonico's building, an eight-story gem, ten of the 40 rental apartments available are already occupied. The \$1,200 studios have been rented, though one-bedrooms (around \$1,800) and two-bedrooms (about \$3,500) are still available. At the 23-story 71 Broadway, World-Wide Holdings is planning to make 250 lofts available late next year.

THE COMING TRANSFORMATION of Wall Street is familiar in at least one way—artists are once again the pioneers. One sculptor, Kat Jurati, opened the art gallery Deep Space at the 39-story, steel-and-glass 60 Broad last July. She's lived in a loft on Beaver Street since March. "Every day, people now are going, 'Oh, do you have any space?'" she says. "It's getting really ridiculous. I'm almost tempted to get my real-estate license."

The next wave, the professionals, has only started gaining momentum. That wave, in fact, started (and then stopped) in the seventies, during the first era of corporate abandonment. At the time, the city also passed a plan called J-51 legislation, that granted tax abatements to residential conversions. In 1979, architect and developer Joseph

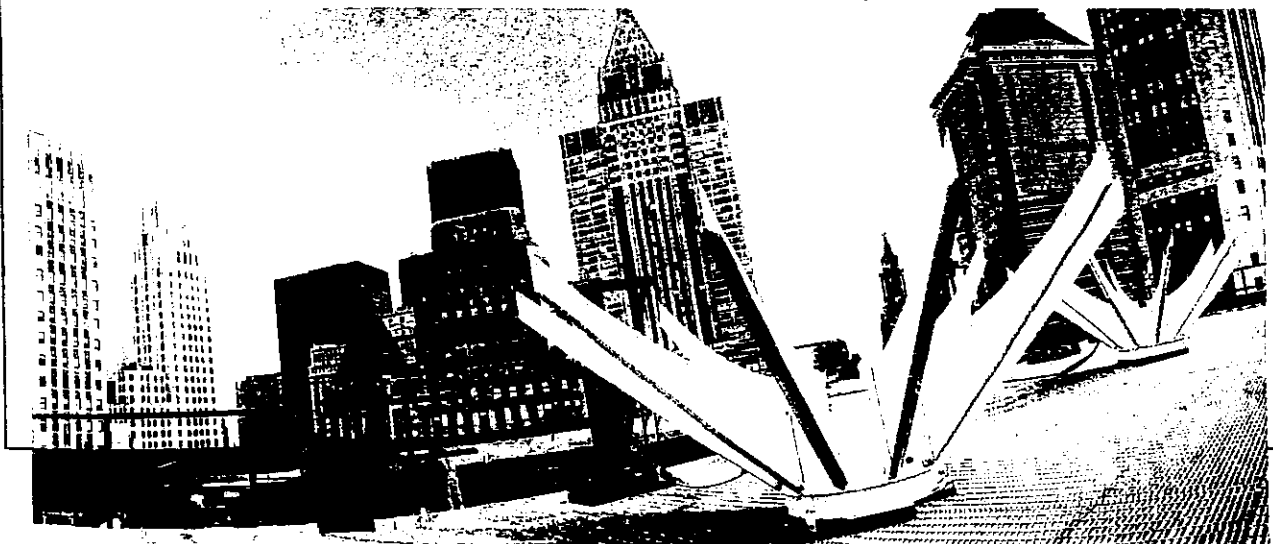


Pell Lombardi bought the white terracotta 55 Liberty, former headquarters of Sinclair Oil, and sold it as raw loft space (keeping for himself Harry Sinclair's paneled boardroom, the birthplace of the Teapot Dome scandal). It was Wall Street's first significant conversion of a prime "antique skyscraper." It might have been the first of many had the stock market not taken off, reinvigorating commercial real-estate prices, replenishing many empty buildings, and deflating the drive for residential conversion. As it is, 55 Liberty remains the neighborhood's best test case of neo-classical-skyscraper living.

"Fifty-five Liberty is awash with young families," says Charles Thanhauser, an architect and father of 9-year-old twin

BEAM ME UP

RODIN IS LURING HIGH-TECH START-UPS TO 55 BROAD STREET WITH SEXY FEATURES LIKE THIS FULLY DIGITAL SPLIT/DOUBLE-SATELLITE DIZMO.



even more unlikely. He has sold himself as a human metaphor, as the very personification of *troupe* chic urban rebirth. Goldman used to sport a handlebar mustache and sing jazz at his Greene Street Cafe. In recent years, he's melted into a silvery rectitude. His energy, however, remains epic. He is widely considered (or vilified as) the man who made SoHo a shopping paradise. He is also known as the man who resuscitated Miami's South Beach. During the eighties, he developed sixteen properties there, from hotels to parking garages. Wall Street is thus the perfect Goldman project: historical, pedestrian-oriented—and (for now) cheap.

He has already bought eight buildings downtown, including the five-story 70 Broad, which will house his restaurant.

"We have an urban opportunity here that is unmatched in my lifetime as a professional in the last 25 to 30 years," Goldman says. "When I came to SoHo some twenty years ago, we did not have any of the incentives, we had a flat market, we had a historic district that was underdeveloped and underappreciated."

The talk might sound like hyperbole, but Goldman, at least, has committed some \$15 million. On the map before him, Goldman sketches the microdistricts of tomorrow.

"Broad Street is what will be the Madison Avenue of downtown if my colleagues keep the retail upscale. There will be a world of off-price above, in the Maiden Lane-John Street-Fulton Street area. It's going to

different sizes, shapes, and cultures mixing into one central environment that happens, by day, to be this boiler chamber of economics that is Wall Street. And then you will have high-technology commercial users, and you will see a whole creative element, which is really my world, of people that are in the film world, in the design world, in the fashion world. You will find them taking spaces in here, living/working or just living."

He pauses to cool down, and smiles at the manic enthusiasm captured in his lead swirls. He jokingly signs his name at the bottom of the now fully marked-up map, like a painter.

I tease him that this will be a historically significant document—that is, if the plans all come to pass.

"WE HAVE AN URBAN OPPORTUNITY HERE THAT IS UNMATCHED IN MY LIFETIME AS A PROFESSIONAL," SAYS GOLDMAN.

He's even got a name for the district. How does Wall Street Village grab you?

To make all this work, Goldman has launched into the reinvention of the Stone Street Historic District. The grime-encrusted Stone Street is a curve of old, empty, low brick buildings snaking among giant office towers. It traces the original shoreline, stretching between Broad Street and Hanover Square. Goldman has bought four buildings there and plans not only an instant West Broadway—full of sidewalk cafés and aesthetically correct shops—but also a new office complex for the film industry.

be the Asian belt. I've tried to communicate that to my Asian brothers and sisters: 'Don't spend stupid money to keep inflating the price in Chinatown. Come down to where Little Hong Kong is really waiting for you.'

"This," he concludes, looking over his creation, "can be the quintessential, *new* New York urban neighborhood, an amalgamation of neighborhoods from New York centered into one: the best of SoHo and TriBeCa in terms of lofts, touches of the Upper East Side, touches of Greenwich Village. You're going to find all of those

"It's going to come to pass," he says. "I'm not in the business of not fulfilling my dreams."

He smiles.

"In the vision business, this is a lay-down."

LOWER MANHATTAN HAS ALWAYS BEEN THE city of the future: for the Dutch traders, for the English, for the newly christened Americans who formed the New York exchange under a tree on Wall Street. It was the world's first commercial district to be wired for electricity, and 80 years later, thanks to NYNEX, it's the first one wired with wide-band ISDN lines for Internet traffic.

So it was ironic that the district had come to be considered a necropolis of twentieth-century capitalism, a victim of suburbanization and telecommuting. For many, it is still an article of faith that the future is being designed in the prefab industrial parks growing like fungus in Everytowns like Cupertino, California.

Wall Street's developers are trying to upend this conventional wisdom. To do so, they must foster the kind of new industries that traditionally prosper in an urban setting: advertising, art, writing, television, and finance. The urban-village ideal, in essence, is a huge bet on the assumption that physical space, not cyberspace, remains crucial to doing cutting-edge business. If the city is still the brain of (continued on page 128)



NEO-BARONIAL
DEVELOPER-ARCHITECT JOSEPH PELL LOMBARDI IN THE
OLD SINCLAIR OIL BOARDROOM AT 55 LIBERTY STREET.



sons who has lived in a loft in the building with his wife, Diana, since 1986. "We have 85 units; there must be 35 kids. I coach soccer and Little League. We use Battery Park City ball fields."

Thanhauser warns that "making [Wall Street into] 84th Street South would be a real missed opportunity. I would love to see a more loftlike approach. That also tends to attract a younger crowd. I think a lot of these [developers] have a vision of young

Short Hills. The two closest grocery stores are in Battery Park City, an overnight mini-metropolis of 8,000 on the Hudson. Residents of Wall Street routinely complain about the lack of parking and late-night pizza options.

Michael Trenner, a contractor, moved with his wife to another seventies test case, 3 Hanover, in 1979. "It was quiet. There weren't that many people living down here. And I guess I myself am mildly misanthropic," he says. "The

D. PIONEERS!

CHARLES THANHAUSER WITH TWIN SONS IN HIS NINETEENTH-FLOOR LOFT AT 55 BROAD STREET.

on its way, and even Virgin, accustomed to the Champs-Élysées, is planning a megastore for Wall Street. House of Blues, a harbinger of middlebrow hip, has been scouting the area (it had passed on the Merchants' Exchange just before Trump bought it). Morton's of Chicago steakhouse has opened a sec-

"THE DAYS YOU COULD FILM COMMERCIALS OF BULLS RUNNING IN THE STREETS AFTER BUSINESS HOURS ARE OVER," JOE ROSE SAYS.

brokers moving in down there. Well, young brokers eventually move to Connecticut. Artistic types need space to do art in."

Thanhauser, a representative on the board of the Alliance for Downtown New York, has urged builders to use this rare opportunity to create something distinctive. "There are some absolutely fantastic large spaces, you know, the old banking halls that in terms of a theater, performance, or exhibit venue would just be magnificent," he says. "In the early seventies, SoHo was quiet. It was also the only place you could get a 2,000-square-foot loft. The next wave of things that happened was fascinating. There were small theater groups, alternative music venues. It was not the mainstream, and so much more interesting for that."

Of course, Wall Street is still an odd candidate to steal suburbanites from

negative was that you had to go a long way for groceries. Now there are more greengrocers and places like that."

Although Battery Park City brought video stores and dry cleaners in the mid-eighties, the retail options still tend toward Blimpie's or falafel storefronts, plus the occasional charming anachronism like Fraunces Tavern. Families on the east side of Broadway currently have to send their kids all the way up to Chinatown—a mile from the heart of Wall Street—for public school. The blocks to be served by the new P.S./I.S. 89 in the area, for which ground was recently broken, have yet to be determined. As for shopping, there's Century 21 and little else. Any Wall Street "village" would need more of a . . . pulse.

Enter the marketers of pulse. A big, new Borders Books just opened at the World Trade Center. An HMV might be

ond New York location, at 90 West. Tony Goldman will be opening the Wall Street Kitchen and Bar, a tri-level offshoot of his SoHo Kitchen and Bar, at 70 Broad. And finally, the Battery Park City Authority last month approved construction of a ten-screen movie complex for that neighborhood. The very Upper East Sidey Grace's Marketplace has even been talking about a Wall Street outpost. "The [pedestrian] traffic is unbearably beautiful during the day," owner Joseph Doria says.

As Joe Rose, city planning commissioner, says: "The days you could film commercials of bulls running in the streets after business hours are over."

BACK IN SOHO, GOLDMAN BEGINS SCRIBBLING on his map. While some might argue his greatest accomplishment is to have built a 25-property real-estate empire, he has in fact pulled off something

Williams *continued from page 38*

organism America, Wall Street is bidding to be the brain of organism New York.

New-media firms seem like the easiest fit. New York has already seen the creation of 27,000 new new-media jobs in the nineties, and one Coopers & Lybrand study says that number will double in two years. These jobs tend to congregate south of Chambers Street, where the space is plentiful, the rent is cheap, and landlords have some idea how to interface with goateed 25-year-olds.

"We were looking at space because we were in hypergrowth, and a lot of the places that we were looking at didn't have any connectivity, they didn't have the piping or the bandwidth already built in," says Brad Szollose, co-founder of K2 Design, a firm that designs Web pages for IBM, America Online, the Public Theater, and others. "We looked at at least fifteen different places up in the Soho area."

What they chose was Rudin Management's sixties-era 55 Broad, the former Drexel headquarters that has been reborn as the New York Information Technology Center. Open for a year, it is already 60 percent filled with high-tech firms. The place is utterly hot-wired with ISDN, T1, and T3 cable. It's got its own Web page, www.55broadst.com ("We had 60,000 hits the first week our Web page was up," says one leasing agent).

The first tenant was N2K (Need to Know), an Internet music company—and this month's hot high-tech initial public offering—that asks of its employees a postcollegiate level of motivation and a jazz fluency. One of the most recent is Westcon Service Corporation, a computer-training company that moved downtown from the Empire State Building.

Says K2's Szollose, "We had the chance to have an entire area built exactly the way we wanted, and it already had the connectivity that we needed. Also, we would just be closer to all these other high-tech companies that are also doing great work. A lot of clients on our list are Fortune 500, and had some of their headquarters down here already.

"There's an incredible amount of added value to being down here," says Szollose in impeccable nineties-speak. "We have access to all these technologies. You just hop on the elevator or walk down the hall. There is camaraderie here. The nineties are not about 'There's competition, and they are the enemy.' They're about camaraderie: 'How can I help you? What synergies can we bring to the table?'"

It is, apparently, a beautiful thing. "We bring artists down here, programmers," Szollose says. "Most of our employees come to work in jeans every day. It sort of adds its own culture down here."

This is infectious. Even the artists are talking synergy. "You get to be at the beginning of a start-up," says Kat Jurati. "So I get to go say 'Hi' to Bill Rudin. Every day, I get to see him."

Then there is the new breed of hipster traders breaking free from the pinstripe chains. "Lots of traders live down here and trade out of their home," Lombardi, the developer, says. "They don't even have a secretary. They may be part of Smith Barney or whatever, but they do it out of their home."

Soon, you apparently will be free to work round-the-clock, never having to commute anywhere. Indeed, some developers, like Elghanayan, say explicitly that the "workaholic" is their target tenant.

"There will be a shift from a pure office environment to a home-office environment that will happen in the urban center," says Greenburger. "And if you talk with people who work at home, their greatest problem is isolation, and some of them return to a communal workplace because they don't like the isolation. You know, if I was a financial consultant or a lawyer and I wanted to have a work-at-home office, am I going to have a work-at-home office in Queens or Brooklyn or Teaneck? No. But if I had it on Wall Street, fine."

Rockrose, in negotiation to lease space to Kinko's for a "cyber café" at 45 Wall, is designing "home occupation" space into most of its residential units in that building. Either separate rooms or niches, these spaces are designed, in Elghanayan's words, "to run a business out of."

"At least three quarters of our residents, uptown and everywhere, have a computer, fax—some kind of workstation," Elghanayan says. "We've designed these apartments just for that market. We've even wired 45 Wall with ISDN and T1. Rudin's convinced us that this is the wave of the future, so we have the same computer capabilities that [55 Broad's Information Technology Center] does, but for residential."

Rudin, evidently, is something of a Pied Piper. "I had a guy from the London School of Economics in all day yesterday. They're going to write a case study on our building," he says of his high-tech mecca. "We own four other buildings downtown. So what we're going to do is wire-connect those buildings to 55 Broad—55 will be the hub, and this is going to be a network, a sort of Rudin network of technology from the buildings."

This notion may or may not make sense even to Rudin himself, but his family's company has cut its vacant space in the area from 600,000 to 100,000 square feet. Progress like that creates synergies of its own.

55 BROAD STREET

Situated in New York's bustling financial district, 55 Broad Street is known as one of the most wired buildings in the world. Equipped with satellite links, a local area network spanning the entire site, and outgoing bandwidth of gargantuan proportions, the structure houses numerous businesses, university extensions, and nonprofits. We have broken down the building practically floor by floor to detail the building's capabilities. We've also identified some major tenants, what technology they have at their disposal, and what they like most about their occupancy. (Numbers below refer to floors.)

Basement: The Digital Clubhouse Nonprofit organization sponsors events for kids and civic entrepreneurs.

Share of the pipe: T1
ISP: IntelliSpace

1: Lobby Houses video wall with 16 40-inch Sony video projection cubes measuring more than 13 feet diagonally and displaying tenants' Web sites, news feeds, and upcoming presentations/events.

3: Cornell Theory Center Advances research in computational finance and financial risk modeling.

Share of the pipe: 10 Mbps

ISP: AppliedTheory

Reason for tenancy: "It has become a high tech nexus for the financial district and Lower Manhattan."

4: Bluewave Designs and manages Web sites for Glaxo Wellcome, Reebok Europe and Volkswagen UK, among others.

Share of the pipe: Fractional T1

(128 Kbps)

ISP: PSINet

Reason for tenancy: "Well-recognized building; they've been very accommodating."

4: Global Community Sandbox Shared 24,000 sq. ft. videoconferencing center

provides real-time voice and video with ImageTel and NuVision systems (including both fixed and portable units); fitted with movable walls; able to be subdivided into seven individual classrooms or opened up to provide a 400-seat amphitheater environment.

12: Main Communication Room Serves as the "brain center" — controls all wiring with 13 ISP routers, switches, and hubs from WinStar, Teligent, IntelliSpace, Intercom Online, Maestro, MCI WorldCom, Peak Internet Access, Teleport, Sprint, and Westinghouse.

13: Polytechnic University Executive Master's Degree program and Institute

for Technology and Enterprise researches technology in business.

Share of the pipe: T1

ISP: Maestro

Reason for tenancy: "Community of tenants, technology infrastructure, prime Silicon Alley location."

15: Fort Point Partners Offers e-commerce consulting services for Intel, Nike, J. Crew, Toyota, among others.

Share of the pipe: T1

ISP: GlobalCenter

Reason for tenancy: "Very flexible space, connectivity options."

16: Ericsson Office develops new technology for telephone maker.

Share of the pipe: T3
ISP: UUNet, BellSouth, and AT&T

Reason for tenancy: "We're 12 feet away from the vertical riser that holds all the connectivity we would ever need."

20: New York Zoom

Design studio offers bilingual consulting service for Internet development.

Share of the pipe: 416 Kbps

ISP: Flashcom

Reason for tenancy: "Sense of community and the casual conversations in the elevators that have led to partnerships."

23: MediaStream

Consults for Cushman & Wakefield, New York Mercantile Exchange, NEC, among others, on applications for the Internet.

Share of the pipe: 2 Mbps

(burstable to 150 Mbps)

ISP: IntelliSpace

Reason for tenancy: "Our clients require Internet access."

27: IBM Organizes IBM's corporate Internet programs, manages ibm.com, performs Internet-related marketing research.

Share of the pipe: T1

ISP: IBM Global Network

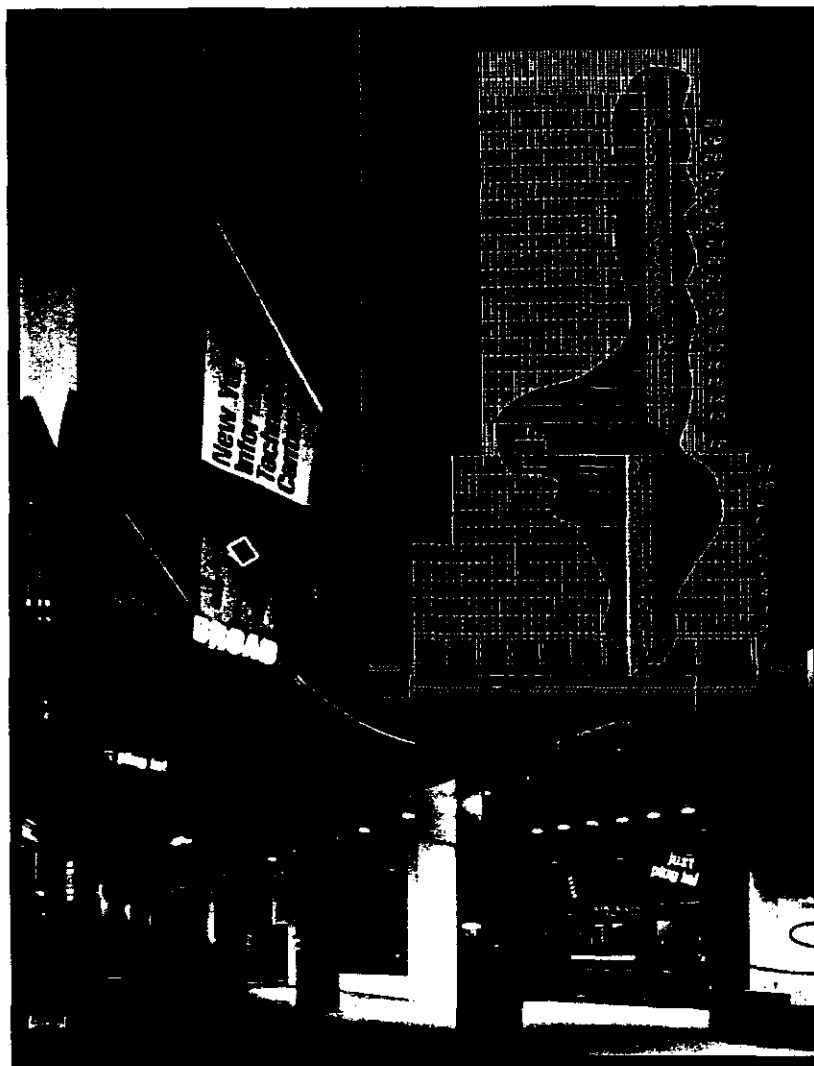
Reason for tenancy: "Proximity to Silicon Alley, connectivity, building services, self-contained team in a cool environment."

Roof: Satellite link

Two Ku-Band dishes support radio and atomic clock antennas, and shoot data, voice, and video down riser shaft.

Riser shaft Wired with both a multi- and single-mode fiber-optic backbone supporting Gigabit-Ethernet, FDDI, ATM, and SONNET. Allows high-speed connectivity between tenants' systems or to a common resource such as the satellite system with fiber distributed on every third floor. Enhanced high-speed Cat 5 copper wire cable to the desktop supports application speeds up to 155 Mbps over a distance of 100 meters.

— Karina Kinik, Scott Lajoie, and Zachariah Zimmerer



BusinessTimes

New high-tech high-rise will set Rosslyn's profile soaring

Property lines

Mike Cleary

Arlington County has approved a D.C.-based developer's plan for a new office building in Rosslyn with high-tech trimmings to attract high-tech tenants.

The county hopes the 20-story building, its technology and its high profile will help redeveloping Rosslyn into a hub for computer and telecommunications firms.

"We think this will bring the kind of attention and substantial help to companies that in and of itself repositions Rosslyn," said Adam Wasserman, director of the Arlington Department of Economic Development.

The Arlington County Board last week gave final approval to the JBG Companies' plan to tear down the existing nine-story building at 1801 N. Lynn St. and build a new, 285,000-square-foot office tower there.

Its height of 285 feet is no accident either, as it is intended to provide one of the best views of Washington and raise Rosslyn's profile, county officials said. The county has even set up a Web site, www.1801nlynn.com, to market the building.

The new building would be outfitted with an unprecedented level of technology designed to attract high-tech firms and to provide a communications center within Rosslyn for use by the public and businesses in the community, county officials said.

The building will be pre-wired with fiber-optic cable for high-speed communications, Internet access and a video-teleconfer-

encing center. These would save tenants thousands of dollars in outfitting costs, county officials said. Energy-efficient heating and ventilation systems will also save tenant costs, officials said.

"It's really a 'plug 'n play' building," said Mark Fairbrother of RTKL Associates, the project's architect.

The building serves as part of a broader plan to draw other high-tech firms to Rosslyn, alongside efforts to adopt new business regulations and help match tech companies with skilled workers.

"We want to use this building to set the standard to create that cluster of telecommunications and the high-technology companies," said Dave Link, chairman of the Arlington Economic Development Commission.

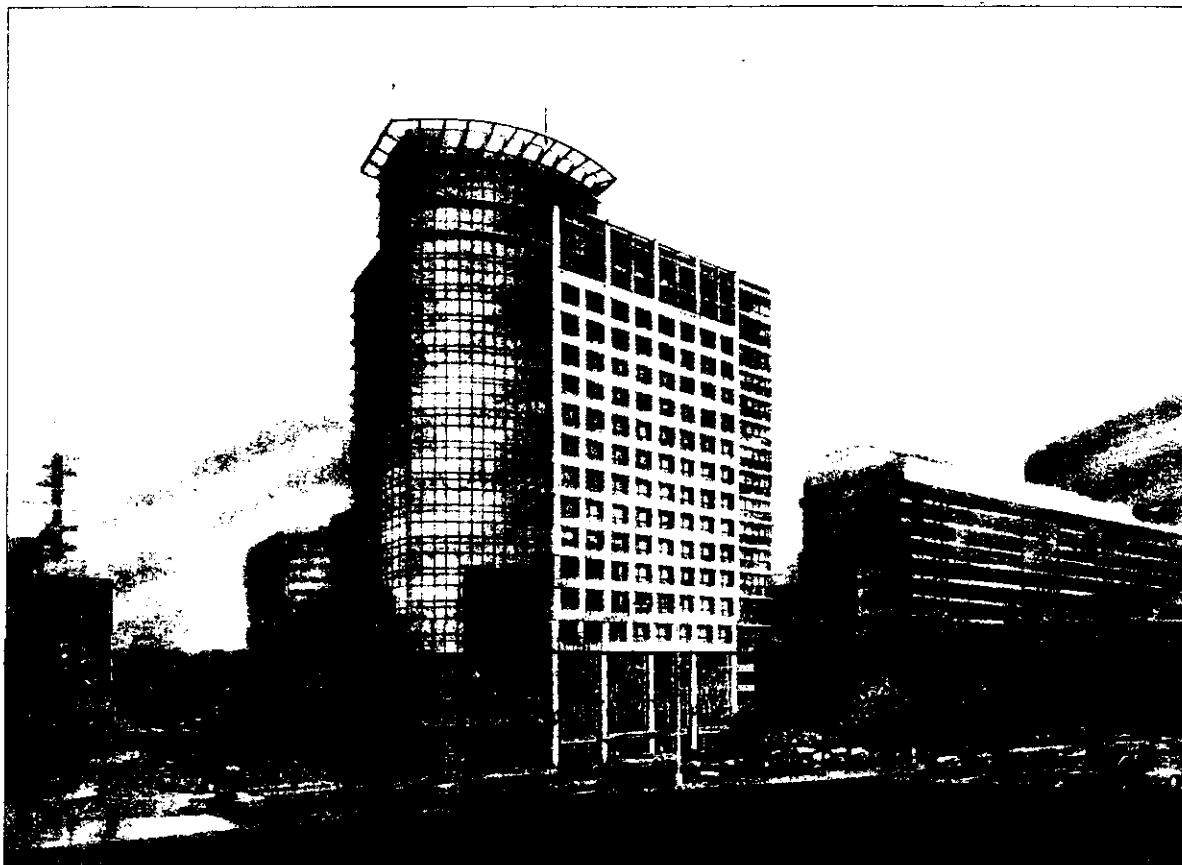
"It will help the next building move faster. Those kinds of things translate to real dollars," Mr. Wasserman said.

The county zoned the property generously in order to maximize its value, he said. The allowed density was almost tripled, which was what persuaded JBG to spend the extra \$2.7 million on the building's technology, Mr. Wasserman said.

It's also the first building to be granted the zoning to tear down the current structure and develop a completely new building, officials said.

No tenants have been lined up, but negotiations with "major users" are under way, said Ben Jacobs, a principal with JBG. Once the first major lease is signed, JBG would be able to schedule demolition to start the project. Construction should take two years, he said. JBG is still estimating costs and has yet to decide rents it would seek.

The Stuart Investment Companies of Chevy Chase are partners in the project with JBG.



A new 20-story, 285,000-square-foot office tower for high-tech businesses will be added to the Rosslyn skyline at 1801 N. Lynn St.

N

PRESS RELEASE**Teligent and Arden Realty Inc. sign major building access agreement**

VIENNA, VA., January 26, 1999 - Teligent, an integrated communications company, today announced an agreement with Arden Realty, Inc. that gives Teligent access to Arden's portfolio of more than 200 office buildings in Southern California.

The agreement gives Teligent the ability to provide Arden's office tenants with broadband wireless telecommunications and access to high-quality, lower cost local, long distance, Internet and videoconferencing services. The properties represent more than 18.4 million square feet of office space in Southern California, including 1.9 million square feet of office space in San Diego County. The transaction was negotiated on behalf of Arden Realty, Inc. by Apex Site Management, Inc.

Arden is the largest office landlord in Southern California with more than 3,500 tenants. "This agreement reflects our strategy to bring small and medium-sized companies the full range of communications services over our own digital SmartWave™ networks," said Craig Olsen, Teligent's regional vice president for the Pacific region. "Working with Arden and Apex, we were able to close this transaction and expedite the delivery of these services."

"Our alliance with Teligent enables us to provide cost-effective communications and a higher level of service to our tenants," said Andrew J. Sobel, executive vice president of Arden Realty, Inc. "With more than 18 million square feet of office space in Southern California, our top priority is to provide tenants with the best value in the market and this agreement is part of that initiative."

Using digital SmartWave™ technology, Teligent serves customers by placing small antennas, more compact than a computer monitor, on top of their buildings. The antennas will send voice, data and video signals to a Teligent base station where the signals will be routed to a Teligent switch.

About Teligent, Inc.

Based in Vienna, Va., Teligent, Inc. (NASDAQ: TGNT) is a full-service, integrated communications company that is offering small and medium-sized business customers lower-cost local, long distance, high-speed data and dedicated Internet services over its digital SmartWave™ local networks in 19 major markets. Eventually, Teligent will expand service to 74 major metropolitan areas throughout the United States.

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Teligent's offerings of regulated services are subject to tariff approval.

For more information, visit the Teligent website at: www.teligent.com

Teligent is a registered trademark.

About Arden Realty, Inc.

Arden Realty, Inc. is a self-administered and self-managed real estate investment trust (NYSE:ARI). Based in West Los Angeles, California Arden is a fully-integrated real estate company. Since its initial public offering in October 1996, Arden owns 138 properties, comprising approximately 18 million square feet in over 45 submarkets from Kern County to San Diego County. The company's in-house operations include leasing, property and asset management, construction, development, re-development and acquisition.

For more information, visit the Arden Realty, Inc. website at: www.ardenrealty.com.

About Apex Site Management

Apex is a fully-integrated telecommunications property management company specializing in telecommunications access for real estate owners on a nationwide basis. Apex currently manages approximately 10,000 sites across the U.S. and in Canada, of which 1,800 are commercial office properties.

For more information, visit the Apex Site Management website at: www.apex-site.com.

For more information, visit the Teligent website at: <http://www.teligent.com>

Teligent is a registered trademark.

Except for any historical information contained herein, the matters discussed in this press release contain forward-looking statements that involve risks and uncertainties, including but not limited to economic, key employee, competitive, governmental and technological factors affecting the company's growth, operations, markets, products, services, licenses and other factors discussed in the company's filings with the Securities and Exchange Commission. Actual results may vary materially due to these and other risks and uncertainties.

PRESS RELEASE**Teligent and U.S. RealTel sign major building access agreement****CONTACTS:**

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VIENNA, VA., August 31, 1998 — Teligent, an integrated communications company, and U.S. RealTel, Inc., the nation's largest landlord of telecommunications sites, today announced a national agreement giving Teligent the option to serve customers in U.S. RealTel properties across the country. The two companies said they have initially identified 51 office properties that Teligent intends to serve.

The agreement with U.S. RealTel is a master building access agreement that covers more than 200 commercial properties across the country.

"Our agreement allows Teligent access to hundreds of business tenants in properties across the country," said Jordan E. Glazov, president of U.S. RealTel, Inc. (NASDAQ: USRT). "The agreement gives Teligent access to additional properties so it can provide new, state-of-the-art communications services. For U.S. RealTel, this represents the continued growth of our Occupant Services Group established earlier this year. For our properties, it adds yet another value-added service for tenants."

Roy Mehta, Teligent vice president for implementation and planning, said: "This agreement reflects our strategy to bring small and medium-sized businesses a choice for a full range of communications services — local, long distance, high-speed data and Internet — over our own digital, fixed wireless networks. The diversity of U.S. RealTel's portfolio gives us a significant number of new opportunities, and it will enable Teligent to bring better communications services to more customers at lower prices."

The deal is U.S. RealTel's latest agreement with a telecommunications company to provide access to the company's vast national telecommunications portfolio. Founded in 1997, U.S. RealTel has amassed the nation's largest telecom real estate portfolio controlled by one landlord.

Teligent will reach customers by installing a small antenna, more compact than a personal computer, on the customer's rooftop. The company will use existing or newly installed inside wiring to connect the antenna to customers' telephone equipment, personal computers, data networks or

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videoconferencing facilities.

About Teligent, Inc.

Based in Vienna, Va., Teligent, Inc. (NASDAQ: TGNT) is a full-service, integrated communications company that will offer small and medium-sized businesses local, long distance, high-speed data and Internet services over its own, digital wireless networks in 74 major metropolitan areas throughout the United States.

For more information, visit the Teligent website at: <http://www.teligent.com>

Teligent is a registered trademark.

Except for any historical information contained herein, the matters discussed in this press release contain forward-looking statements that involve risks and uncertainties, including but not limited to economic, key employee, competitive, governmental, regulatory and technological factors affecting the company's growth, operations, markets, products, services, licenses and other factors discussed in the company's filings with the Securities and Exchange Commission. Actual results may vary materially due to these and other risks and uncertainties.

About U.S. RealTel, Inc.

U.S. RealTel, Inc. is the nation's largest landlord of telecommunications sites. Based in Chicago, U.S. RealTel has a portfolio of 5,400 commercial, industrial and residential real estate properties under master lease throughout the United States comprising its USRT Telecom Grid. Included in the USRT Telecom Grid is more than 25 million square feet of office space, 205 million square feet of retail shopping malls, 4 million square feet of industrial space, 16 million square feet of commercial strip center space and 300,000 apartment units.

Using this network of properties, U.S. RealTel offers significant time and cost savings to telecom companies looking to place new antennas or gain telecom access to buildings' tenants, while providing considerable additional ancillary income to property owners, such as REITs, pension funds, property funds, developers, banks, retail and chain stores, restaurant franchises, utilities and governments.

For more information, visit the U.S. RealTel website at: <http://www.usrealtel.com>

The statements contained in this news release that are forward looking are based on current expectations that are subject to a number of uncertainties and risks, and actual results may differ